GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Energy, Infrastructure & Investment Department – Giving incentives to the Flight Operator i.e., INDIGO to operate two return flights per week basis on Vijayawada- Singapore & Vice-versa by INDIGO – Approved – Orders - Issued.

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ENERGY, INFRASTRUCTURE AND INVESTMENT (AIRPORTS) DEPARTMENT

G.O.RT.No. 123 **Dated: 10-09-2018.**

Read:-

From the CEO, APADCL Lr.No.APADCL/Airlines/2018/275, dated 21.07.2018

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O R D E R:

Andhra Pradesh as a state, currently has only one functional international airport at Vizag, which handles almost 100 international flights per month. However, Vijayawada and Tirupati are also declared international airports in 2015 & 2017 respectively wherein AAI has provisioned all facilities required for international operations but both airports are yet to commence any international operations.

2. The Government was keen to start operations on the Vijayawada – Singapore sector. An RFP was uploaded on the public domain on 12th June 2018 for inviting quotations. The opening date of the proposals was 10th July 2018, wherein only one proposal was received against the RFP- that of InterGlobe Aviation Ltd., (Indigo). The Technical Committee reviewed the bid and recommended for onward submission to the Government.

3. Indigo proposed to operate an Airbus A320 with 180 seats on a return trip basis, irrespective of number of seats sold on every flight to and fro. The amount quoted by the Airline is based on the premise that all revenues from sale of passenger tickets and cargo, exclusive of ancillary revenues, booking and convenience fees, pass through charges and GST, will be transferred to the State Government as per their self-certification. Invoice will be raised on a fortnightly basis, with payment to be made within 10 days from invoice date. The quotation provided is for per flight and for per month- if 8,9,10 flights are operated in a month.

	Amount required - INR
Per return flight	33,98,580
For 8 return flights / month	2,71,88,640
For 9 return flights / month	3,05,87,220
For 10 return flights / month	3,39,85,800

4. The Chief Executive Officer, AP Airports Development Corporation Limited has requested for approval of the proposal of Indigo to operate two return flights per week basis on Vijayawada- Singapore & Vice-versa with an indicative ticket price of Rs.18,881/- per seat as return fare, almost at par to existing fares on Hyderabad- Singapore & Vice-versa fares, for operations of two return flight per week at the cost of Rs.33,98,580/- i.e. nine flights per month, cost of Rs.3,05,87,220/-, for a period of six months ie., an amount of Rs.18,35,23,320/- minus revenues.

5. It is to note that if the flight is sold at par to existing fares on similar route in the

vicinity of Vijayawada, there is high probability that VGF will be reduced to tune of

1- At 80% load factor ie 288 seats (144 seats either way), revenue would be Rs.54,37,728/- against cost of Rs.33,98,580. Means no amount payable and there will be some savings for Government. Cost benefit ratio- 1.6

2- At 75% load factor ie 270 seats (135 seats either way), revenue would be Rs.50,97,870/- against cost of Rs.33,98,580. Cost benefit ratio- 1.5

3- At 70% load factor ie 252 seats (126 seats either way), revenue would be Rs.47,58,012/- against cost of Rs.33,98,580. Cost benefit ratio- 1.4

4- At 60% load factor ie 216 seats (108 seats either way), revenue would be Rs.40,78,296/- against cost of Rs.33,98,580. Cost benefit ratio- 1.2

5- At 50% load factor ie 180 seats (90 seats either way), revenue would be Rs.33,98,580/- against cost of Rs.33,98,580. Cost benefit ratio - 1

Note: Exclusive of ancillary revenues, booking and convenience fees, pass through charges (maximum 2% of cost) and GST.

6. Government after careful examination of the proposal hereby approve the proposal for giving incentives to the Flight Operator i.e., INDIGO to operate two return flights per week basis on Vijayawada- Singapore & Vice-versa by INDIGO with an indicative ticket price of Rs.18,881/- per seat as return fare, for operations of two return flight per week at the cost of Rs.33,98,580/- i.e., nine flights per month, cost of Rs.3,05,87,220/-, for a period of six months i.e., an amount of Rs.18,35,23,320/ - minus revenues.

7. The Managing Director, AP Airports Development Corporation Limited shall take further necessary action accordingly.

8. This order issues with the concurrence of the Finance Department vide their U.O.No.64030/22/2018-(FMU-ENERGY), dated 21.08.2018.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

AJAY JAIN
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Managing Director, APADCL, Vijayawada.
The Chief Executive Officer APADCL, Vijayawada.
Copy to:
The PS to Prl.Secy., to C.M.
The PS to Prl.Secy., to Government, E, I&I Department.
The Finance (FMU-I&I, EF&MA) Department.
The GA(Cabinet) Dept.,
(C.No.17021/38/2018-Airprots-E, I&I)

//Forwarded :: By Order//

SECTION OFFICER